



Dynegy Morro Bay, LLC Final Prevention of Significant Deterioration Permit

Fact Sheet

FINAL ACTION

- On September 25, 2008, the U. S. Environmental Protection Agency (EPA) issued the final Prevention of Significant Deterioration of Air Quality (PSD) permit to Dynegy Morro Bay, LLC.
- An electronic copy of the final PSD permit, the response to comments, the transcript of the October 24, 2006 public hearing, and an index of the Administrative Record, may be downloaded from www.regulations.gov (Docket ID: EPA-R09-OAR-2007-0964), and is linked from the Region IX Air Permits website: <http://www.epa.gov/region09/air/permit/r9-permits-issued.html>.
- Copies of the aforementioned documents are also available for inspection at the San Luis Obispo Air Pollution Control District office, 3433 Roberto Court, San Luis Obispo, CA 93401; and the City of Morro Bay, City Attorney's Office, 595 Harbor Street, Morro Bay, CA 93442.

BACKGROUND

- The Morro Bay Power Plant produces electricity and has been in operation since 1955.
- The San Luis Obispo Air Pollution Control District issued an initial Title V permit in 1998 to MBPP, and a renewal Title V permit in 2004. EPA is the PSD permitting authority for SLOAPCD since the District's PSD delegation was withdrawn in 2003.
- Duke Energy Morro Bay, LLC submitted an application in 2000 to EPA for a PSD permit. In 2006, ownership of the Morro Bay Power Plant (MBPP) changed from Duke Energy Morro Bay, LLC, to LSP Morro Bay, LLC. In 2007, ownership changed to Dynegy Morro Bay, LLC.
- The proposed MBPP Modernization Project includes plans to
 - replace four existing 1950-60's era fossil fuel-fired electric utility steam generators with two combined cycle gas turbine block units (each block unit will consist of two natural gas-fired turbines, two heat recovery steam generators with duct burners, and one steam turbine;
 - replace three existing 450-foot exhaust stacks with two 145-foot exhaust stacks
 - Remove existing fuel oil tanks
- The MBPP modernization project will increase output from 1002 to 1200 MW of electrical power, while reducing emissions of NO_x, CO, and VOC. Emissions of PM₁₀ and SO₂ will increase. The project is subject to PSD review for PM₁₀ because the increase in PM₁₀ emissions exceeds the significance threshold.
- The PSD permit will
 - Require exclusive use of low-sulfur content natural gas,
 - Require performance tests

- Limit emissions of PM₁₀
- Limit hours of operation of the heat recovery steam generator duct burners

AIR QUALITY IMPACTS

- Modeling results from EPA-approved dispersion models were reviewed by EPA
- Modeled ground level concentrations of PM₁₀ did not exceed the National Ambient Air Quality Standards (NAAQS)
- Modeled impacts of PM₁₀ emissions are in compliance with allowable PSD Class I and II increments

PUBLIC NOTICE PROCESS

- On May 17, 2006, EPA published notice and a request for comments of the proposed permit in two Morro Bay area newspapers. We received 46 comments by fax, email and U.S. mail, 39 of which requested a public hearing.
- The public hearing was held on October 24, 2006. Notice of the public hearing was published in 3 Morro Bay area newspapers on September 20, 2006.
- The public hearing was well attended by approximately 50 people, and EPA accepted oral and written comments from nearly thirty individuals.
- EPA reviewed, considered, and responded to all substantive comments received during the public notice period.

APPEALS PROCESS

- Within 30 days of the final decision, any person who filed comments on the proposed permit or made comments on record at the public hearing may petition the Environmental Appeals Board (EAB) to review any condition of the permit decision. Any person who failed to file comments or failed to make comments on record at the public hearing may only petition the EAB for review of sections of the final permit that were changed from the draft permit.
- Any petition to the EAB must include a statement of the reasons supporting review, including a demonstration that any issues raised were raised during the public comment period. The petition must also demonstrate that a specific decision made on the permit is based on:
 - i. A finding of fact or conclusion of law which is clearly erroneous, or
 - ii. An exercise of discretion or an important policy consideration which the EAB should, in its discretion, review.